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## PROCEEDINGS.

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### SEVENTH SESSION.

THE Seventh Session of the Academy was held in Philadelphia on Thursday, the 12th of March, at 1520 Chestnut street, at 8 P. M.

The Secretary announced that the following papers and communications had been submitted to the Academy:

36. By Mr. Frederick B. Hawley, of New York, on "Preliminaries to the Discussion of Socialism."

37. By Miss Jane J. Wetherell, on "Freight Tariff in Hungary."

38. By Prof. J. W. Jenks, Indiana University, on "Land Transfer Reform." (Printed in the *ANNALS*, July, 1891.)

39. By Mr. William F. Willoughby, Bureau of Labor, Washington, on "Federal Statistics."

40. By Dr. Roland P. Falkner, on "Academic Instruction in Political and Economic Science in Italy." (Printed in the *ANNALS*, April, 1891.)

The President then introduced Mr. Hawley, who read his paper (No. 36) on "Preliminaries to the Discussion of Socialism."

Mr. Hawley called attention to the advisability of ascertaining what proportion wages now bore to other forms of income. Marx, who uses the term "surplus value" as inclusive of all forms of income except wages, affirmed that about half the value of the aggregate yearly product of the community was enjoyed by the laborers and the other half by the "capitalists," but he has nowhere attempted any satisfactory statistical proof of his assertion.

As Marx lived and wrote in Europe, it is fair to assume

that he intended this ratio as applicable to European conditions. In America, therefore, on account of our higher rates of wages and smaller amount of capital *per capita*—the ratio would be more favorable to wage receivers—say 60 per cent. to wages and 40 per cent. to capital.

Mr. Hawley, from such investigations as he has been able to make, inclines to the belief that Marx is practically correct in his assertion. Among those who have contended to the contrary he instances Mr. Atkinson, who, in his book, *The Distribution of Products*, arrived at the somewhat suspicious result that capitalists obtained only 5 per cent. of the total product, the remaining 95 per cent. going as wages to the laboring classes. While commending Mr. Atkinson's method, which was by means of census and other statistics to ascertain the total yearly product of the United States, and the total amount paid in wages, and subtracting the latter from the former to obtain the share of the capitalist, Mr. Hawley pointed out that Mr. Atkinson had included no values but those of material commodities in his yearly product. When the probable value of personal services and of the uses of wealth, such as shelter, etc., is added, we will have a division of just about 60 per cent. to labor and 40 per cent. to capital.

Mr. Hawley then stated his objections to the residual theory of wages by means of which President Walker endeavors to show that the laborers' share of the total product is increasing both absolutely and relatively. Mr. Hawley contended that as the rates of interest and profit decline the aggregate of interest and profits augments, because of the larger amount of capital that finds employment at the lower rates. The theoretical conclusion is corroborated by the fact that in countries like England, where the rates of interest and profits are low, their aggregates are enormous, while wherever, as in Turkey, these rates are high, so little capital finds employment that the aggregates of interest and profit are very small.

He also pointed out that the purchasing power of money

wages does not increase as rapidly as the purchasing power of other money incomes, because the food and coarse manufactures consumed by the poor cannot, owing to the law of diminishing returns, be cheapened as rapidly as the more highly wrought articles consumed by the rich. It thus appears that the Socialists are correct in asserting that the laboring classes receive now only about half of what is produced, and that the tendency is for their share to decline as civilization advances and wealth accumulates.

But it must not be too hastily assumed that everything that tends to equalize incomes is advantageous to society. So far as the levelling process weakens the motive which leads men to labor and produce, it defeats its own purpose by lessening the amount to be divided. But, ignoring this point, an ideal distribution must propose to itself two irreconcilable purposes: It must apportion the product so as to satisfy needs in proportion to their intensity, and it must also satisfy needs according to their quality without regard to their intensity. It must seek, that is, not only the greatest good of the greatest number, but the highest development of selected individuals.

The paper was discussed by W. H. Harned, Miss Musson, Dr. Doucet, Mr. Charles L. Serrill, Mr. S. W. Cooper, Professor Giddings, and Mr. Hugo Bilgram.

The paper on "The Rights of Citizens and the Treatment of Criminals" (No. 32), by Rev. C. E. Walker, together with brief rejoinders by the Hon. R. Brinkerhoff, President of the Ohio State Board of Charities and Corrections, and Major R. W. McClaughry, Superintendent of the Pennsylvania Industrial Reformatory, were read by the Secretary.

#### EIGHTH SESSION.

The Eighth Session of the Academy was held in Philadelphia, Friday, the 17th of April, at 1520 Chestnut street, at 8 P. M.

Papers had been submitted to the Academy as follows:

41. By Mr. Emory R. Johnson, of Baltimore, on "The River and Harbor Bill."

42. By Professor E. P. Cheyney, of the University of Pennsylvania, on "The Third, *i. e.*, the Social Revolution."

43. By Mr. E. P. Oberholtzer, of the Philadelphia *Evening Telegraph*, on "American Forms of the Referendum."

44. By Professor A. Loria, of the University of Siena, Italy, on "Economics in Italy."

The President, E. J. James, then introduced Mr. Emory R. Johnson, of Johns Hopkins University, who read his paper on "River and Harbor Bills." (No. 41.)

In his address, Mr. Johnson traced the history of river and harbor legislation up to the River and Harbor Bill of 1890. The amount appropriated by this bill is \$24,903,295, all to be expended on works declared "worthy" by the United States engineers. He then compared the policy of the United States with that of England and France. In England, the Harbor Department of the Board of Trade has general supervision of rivers and harbors, but works are regularly constructed either by municipalities or by "trusts"—individual corporations, which sometimes receive aid from the government. The chief advantages of the English system are: Only important works are begun, and they are quickly completed. French river and harbor improvements are purely government enterprises, though most works, as with us, are executed by contractors. The two important features of the French system are the wide discretionary power given the executive, and the plan of making improvements *in toto* instead of little by little, as we do. The plan of the United States is to begin simultaneously a large number of works. Appropriations are made sufficient only to begin a work, the continuance of which depends on the action of future Congresses. With five exceptions, contracts cannot be let for completing the work, but for such part of the work only as the money appropriated will pay for. Coming finally to the future policy of the United States, Mr. Johnson held that criti-

cism should aim to lessen log-rolling and to lead to the adoption of a wiser manner of making improvements, but that care should be taken not to underestimate the returns brought by improvements.

The discussion of the paper was opened by Mr. John L. Stewart, who was followed by Professor S. N. Patten, Professor R. T. Ely, and others.

#### NINTH SESSION.

The Ninth Session of the Academy was held in Philadelphia, Friday, the 15th of May, at 1520 Chestnut street, at 8 P. M.

Papers had been submitted:

45. By Professor Simon N. Patten, on "The Economic Basis of Prohibition."
46. By Mr. E. W. Ernst, on "City Government."
47. By Mr. Leo S. Rowe, on "Ground Rents in Paris," and,
48. "Railway Passenger Rates in France."

Mr. Oberholtzer then read his paper (No. 43) on "American Forms of the Referendum."

The referendum is commonly thought of as a political institution peculiar to Switzerland. It is there truly that the name has come to have its present signification, but it seems to have been generally overlooked that in the United States, both in the State and the municipality, we employ, and in New England have employed since the Revolution, this same popular political principle. The referendum can be defined as the submission to all voting citizens for their ratification or rejection constitutions, constitutional amendments, and laws which, however, have first been passed upon by the people's representatives in legislature or in convention. Of the thirteen original States only two submitted their first constitutions to popular vote. None of the others followed their example until New York led the way in 1821. In the meantime, Mississ-

sippi and Missouri, when they came into the Union, brought with them constitutions which had received the direct popular approval. To-day the people of not more than one or two States in the Union would be likely to be denied the right to pass upon the form and frame of their government.

From this habit of referendum in the case of new constitutions grew up naturally the convention referendum and the amendment referendum. It is now the uniform process in the States for the people to be directly consulted as to whether a convention shall be called to frame a new constitution or to make radical alterations in the old one. About 1818 the referendum on constitutional amendments, proposed by the legislature, began to come into favor, and now—though Vermont and New Hampshire still amend by convention only—in all others except Delaware the people vote at the polls upon every amendment proposition which the legislatures may submit. These have come to include much more than formerly, since the State constitutions have been enlarged into codes, as witness prohibition amendments, the lottery amendment in Louisiana, and others on subjects at one time left alone to the legislature and not judged suitable to be embraced in a constitution. Besides these referendums on laws disguised as amendments, there are others which have no such disguise. There have been in several States referendums on the location of the State capital. In Pennsylvania the constitution of 1873 says that the capital may not be removed from Harrisburg without a popular vote.

In several Western States and in New York it is declared in the constitution that laws for the contraction of debt, except those specified in the constitution, shall be submitted by the legislature. Another referendum found its way into the constitutions mainly during the bank excitement. It appeared first in Iowa in 1846, and consists in the submission of all acts chartering banks and banking associations

to the people. In three Western States the State tax-rate cannot exceed a given figure except the consent of the people be secured. There are other referendums in different States: Woman suffrage in Colorado whenever the legislature chooses to submit the question; the sale or lease of a canal in Illinois; sale of school lands in Kansas; location of State asylums, penitentiary, and State university in Wyoming, etc.

In the municipality, especially in the West, the people have important rights of referendum. County seats and county boundaries can only be changed on popular vote. There are debt and tax limitations in cities, counties, and other political subdivisions beyond which the authorities may not go unless the people agree.

The newest and most interesting municipal referendum we find in California and the State of Washington, where city charters and all amendments thereto are submitted for popular approval or rejection. This is the first appearance of anything like republican government in our American cities, and it may be the step toward a much-needed and effective reform. In April, 1887, the people of California voted upon and accepted an amendment to the constitution which took city charter building out of the hands of the legislature, and Washington has followed the example.

The referendum has become an issue in the communal politics of Belgium, and here, as there, a devotion to the institution as a means to political reform is developing which may lead to more important results than any which yet have been attained.

Professor Patten's paper on "The Economic Basis of Prohibition," which appears in full in this issue, was also read by the author, and discussed by Dr. Foote, Mr. Hugo Bilgram, and Professor F. H. Giddings. The latter also touched upon some points in the paper which had been read by Mr. Oberholtzer.